

# **MAINE GAMBLING CONTROL BOARD**

**January 21, 2014**

**09:00 – 11:00**

**Gambling Control Board Room**

**45 Commerce Drive Suite 3**

**Augusta, Maine 04330**

Meeting opened at 9:00 am

**Board members present:** Tim Doyle Chair, Barbara Dresser, Matt Dyer, Joe Laliberte

**Staff present:** Office Specialist I Janine Collins, Auditor Donald Berrie, Inspector Supervisor Vicki Gardner, Executive Director Patrick Fleming.

**Legal counsel present:** Assistant Attorney General Lauren LaRochelle

## **Introductions:**

The Board introduced themselves followed by introductions of the staff and counsel by Executive Director Fleming.

## **Review of the minutes 11/19/2013**

**Motion to accept the minutes as presented: Matt Dyer, Board Member**

**Seconded: Barbara Dresser Board Member**

**Vote: Unanimous**

## **Executive Director Report –**

**Employment** – Jill Tobey – I have some good news regarding auditor Tobey. She will be returning to work tomorrow on a part time basis. She will start by working 4 hours per day and then will stay longer when she can. It will be good to get her back.

**Maine Gaming Commission** – Late Friday I sent each member of the Board a copy of the report by the Commission, I apologize for the lateness but that is when I got my copy. The report reflected essentially what I have informed the Board of in my earlier briefings, that the Commission did not accomplish what it was tasked to do because of a motion made at the third meeting to report back to the Veterans and Legal Affairs Committee that they should consider all the bills that were carried over from the last session. Which leads me to my next issue...

**Legislature** – the Veterans and Legal Affairs Committee has decided to tackle the gambling bills carried over from last session early in this session. The bills being discussed are as follows.

**LD 31** – this bill will allow up to 250 slot machines in Fraternal and Veterans organizations across the state. These machines would be put under the jurisdiction of this Board but the licensing criteria and fees would be different as well as a separate cascade would be created. Senator Patrick, the sponsor of the bill, spoke at the public hearing and offered an amendment to limit the machines to only veterans organizations and cut the fees in half. A representative of the Off Track Betting parlors also spoke at the public hearings and offered an amendment to allow the OTB's to host the machines on behalf of the Veterans organizations and the OTB's would take a percentage of the proceeds.

**LD 1111** – this bill would allow up to 1500 slot machines to be operated at a commercial harness racing track. This bill was presented on behalf of Scarborough Downs as they are the only other commercial track besides Bangor. An amendment was presented at the public hearing to change this bill and allow Scarborough a full casino.

**LD 1298** – this bill would allow the Houlton Band of Maliseets to establish a casino on their tribal lands in Houlton. The bill would exempt them from a statewide referendum but would require them to follow all the current rules and regulations of the other casinos in the state.

**LD 1319** – this bill would allow the Houlton Band of Maliseets to share in the slot revenue created by Oxford Casino. Under the current cascade the Penobscot and Passamaquoddy tribes split 4% of the Oxford cascade.

This bill would raise the tax on Oxford another 2% for the Maliseets. At the public hearing for this bill the sponsor asked the committee to kill the bill in order for the committee to consider the Maliseet casino.

LD 1520 – this bill would allow the Passamaquoddy Tribe to add slot machines to their High Stakes BEANO operation in Washington County. The bill would allow them to have up to 750 machines. An amendment was proposed at the public hearing to change this bill to allow the Passamaquoddy's a full casino.

LD 1675 – this bill would allow a casino to be located in southern Maine. This bill would have authorized the Department of Administrative and Financial Services to take bids for a new casino in southern Maine. Once DAFS had selected an operator based on the bidding process they would have directed the Gambling Control Board to license the winning bidder. The sponsor of this bill requested that the committee kill this bill at the public hearing in order to focus on the previous bill to allow a casino at a commercial track.

There has been some interesting discussion regarding all of these bills. Each proponent has been trying to make a case why they should get what they want and there have been a number of amendments proposed by legislators and members of the public. The committee has held two work sessions so far on these bills without really making much headway. They have two other work sessions scheduled for this week. One thing that was proposed at the work session last Friday was to create a legislative sub-committee to meet and try to accomplish the task that the commission was supposed to last summer. To do this they must get permission from the President of the Senate and the Speaker of the House, which is something that the committee chairs are working on. If the sub-committee is established than these bills would be put on hold until later in this session.

Two other bills that may be of interest to this Board are LD 227 and LD 519. LD 227 would allow the Penobscot Nation to put electronic BINGO machines in their High Stakes BINGO facility. These machines are somewhat controversial in that they look very similar to a slot machine. In other gaming states these machines are considered a Class II machine while a traditional slot machine is a class III machine. The committee is going to have to determine how to address these machines.

LD 519 would allow the OTB's to take internet and phone wagers on Horse racing. A concern shared by one committee member was that if this bill is passed than it would open the door for other internet gambling.

As you can see the gambling landscape is a little blurry at this point. We could end up at the end of this session with the status quo or we could have up to three more full casinos and 250 slot machines spread all over the state in fraternal and veterans organizations. I will continue to monitor the bills and keep the Board informed of the changes being made.

**Rules** – the rulemaking process continues. As you know we have public hearings regarding many of our proposed rules today at 11 AM. We will be taking public comments on the proposals and then will keep the public comment period open for ten days after the hearings. I am hoping to bring all the proposed rules back to the Board at the February meeting for adoption.

The Exclusion rule has been approved by the Attorney General's office and has been forwarded to the Secretary of State's office for final adoption. I am looking at a February 3rd start date. This will allow us to start on a Monday so all facilities that can take self-exclusions will be open. The Substance Abuse and Mental Health services has prepared a press release to announce the change and give out the places where self-exclusion will be available and the 211 system is also prepared to start giving out the information where someone can go and self-exclude. The Inspectors have been trained on how to take and process these exclusions and we are ready in our office to do the same if someone chooses to walk in.

**FBI Audit** – I informed the Board at the November meeting that an auditor from the FBI was going to visit our office to review our fingerprint handling procedures. The auditor interviewed Detective Armstrong and me and looked at a cross section of our applications. It was determined that we were following all procedures as required by the FBI for fingerprint processing. One thing they recommended was that we make the applicant more aware that the fingerprints they submit will be used for a FBI background check. This can be done by altering our application and just adding a disclaimer. Since we are in the process of rulemaking on the application rule this might be a good time to make the necessary adjustments. I checked with AAG LaRochelle and she said the disclaimer would not need to go through the rulemaking process so we could add it and it won't affect the timetable of the rules.

**Progressives** – Each casino now has linked progressives to offer their patrons. Linked progressives are when a bank of machines are connected and each time a machine is played a percentage is electronically set aside so if a patron hits a certain combination they will win the jackpot that has been collecting from all the machines

connected. Both casinos have been working with Scientific Games to make sure that the technology is in place for Scientific Games to monitor the progressives and jackpots.

**Oxford Expansion** – the Oxford Casino expansion is complete and the new games are being played. There was a lot of movement of games and both sides had to work cooperatively to get the timelines met. The Inspectors and Supervisor Gardner worked diligently to make sure that the machines ended up where they were supposed to and any surveillance changes were approved prior to the games coming on-line. The expansion included moving the door to the Gambling Control office but everything went smoothly with only minor interruptions.

**Financial Update: Auditor Donald Berrie-** Due to the cancellation of the December 2013 meeting, your financial packet contains two sets of financial analyses: One set reflecting revenue through November 30, 2013 and a second set reflecting revenue through December 31, 2013. Each set includes comparisons of 2013 and 2012 revenue, year-to date revenue as well as quarterly tax revenue.

A graphic representation comparing monthly tax between 2012 and 2013 is also included for each analysis. The blue line plots monthly tax revenue through in 2012 and the red line plots monthly revenue in 2013. Both years show the highest revenue occurring in July and August and tapering off in September, October, November and December.

To summarize, tax revenue in November 2013 exceeded tax revenue in November 2012 by 2% and resulted in a year-to-date increase in tax revenue through November 30th 2013 over November 2012 of 28%. For the partial 3rd quarter tax revenue increased 1% over the same period a year ago.

December 2013 tax revenue was actually 12% lower than in December 2012. A significant contributing factor to this decline was, of course, bad weather. Tax revenue was still 25% higher for the entire calendar year 2013 over 2012, but December's lower revenue resulted in 2013 quarter three tax revenue lagging behind 2012 by 3%.

Monthly distributions of tax revenue as well as year-to-date distributions are available on the Gambling Control Board web site.

(Attached spreadsheet)

As I reported at the July Board meeting, recently enacted legislation, slot machine hold compliance is now determined on a quarterly basis rather than on a weekly basis. For the fourth calendar quarter ended December 31, 2013 as well as year to date, both casinos are in compliance. Both casinos were in compliance for all calendar quarters in calendar year 2013.

The Auditors continue to collect and analyze this data on a daily basis and monitor for any corrective action that may be needed.

#### **Audit program**

As Director Fleming reported, Jill will be initially work part time. We will begin with a re-familiarization process and take things from there. Again, the Auditors welcome your feedback and suggestions.

#### **State Police Update –Executive Director Fleming**

Since November 139 applications for gaming licenses were investigated and completed.

There are currently 94 still pending.

#### **Criminal Investigations**

There were 5 criminal investigations conducted

4 people have been charged with theft. 3 of those were patrons and 1 was in internal theft.

Theft of a jacket (Oxford)

Theft of \$130 from a wallet left behind by another patron (Oxford)

Theft of \$1000 from a pocket book left by another patron (Oxford)

Theft of \$20,000 internally by the director of the Main Bank (Bangor)

\$800 dollars counterfeit money was located at Oxford Casino on two separate days. A suspect was identified and multi federal agencies were involved and (Secret Service, FBI, Federal Probation and Parole) the case was turned over to the feds at that time because of ongoing investigation with the suspect.

#### **Police Agencies Calls for Service**

Since the November meeting:

Bangor Police Department responded to the Casino 19 times

Oxford Police Department responded 17 times

**Unfinished Business: None**

**New Business: Employee License Review**, this is a review of the new temporary license that office staff designed for a temporary license. The license includes the employee's name, employee number, and license expiration date. The Board discussed including the name of the facility on the license and/or making the temporary licenses a different color, but ultimately did not direct staff to make any changes.

**Annual Report** due March 15, 2014 Executive will have this ready for the Board at the next Board meeting for approval by the Board.

**Public Comment:**

Jack Sours VP and GM of Oxford Casino, Thank the Director and Inspector Supervisor Gardner for all their help with the expansion.

Talked about current contributions to the community and what they are doing with various charities in the community.

John Osborne, GM for Hollywood Casino Bangor, he passed around a picture on his iPad of a cardinal made from soup cans that were donated to a local food bank.

Employees did a gift tree and donated to the community.

Bangor Regional Chamber of Commerce will be presenting Hollywood Casino Bangor the business of the year award at its banquet.

**Meeting Adjourned:** 9:45am

**Motion:** to adjourn **Matt Dyer**

**Second:** **Joe Laliberte**

**Vote:** Unanimous

Next meeting is **February 18, 2014 at 45 Commerce Drive Augusta, Maine.**

Respectfully submitted, Janine Collins, Office Specialist I